

Message Text

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ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 COME-00 TRSE-00 OMB-01 AID-05

CIEP-01 CIAE-00 INR-07 NSAE-00 PM-03 NSC-05 SP-02

SS-15 /057 R

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EB/CSB - JWBILLER

EB/CSB/SB - DBRAMANTE

EB/IFD/OIA - TRBRODERICK

NEA/INS - DHKUX

EB - NLPAZDRAL

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R 260052Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE STATE 176657

E.O. 11652: N/A

TAGS: EINV, ETRD, IN

SUBJECT: DRUG INDUSTRY - HATHI REPORT

REF: A) STATE 152818; B) NEW DELHI 09583

1. FOLLOWING JULY 11 MEETING (REF A), WIEN OF WYETH
DISCUSSED THE HATHI REPORT WITH ASSISTANT SECRETARY ENDERS
(EB). WIEN REQUESTED THAT USG DISCUSS THE REPORT AND ITS
IMPLICATIONS FOR US PHARMACEUTICAL FIRMS OPERATING IN
INDIA WITH AN APPROPRIATE GOI OFFICIAL AT MINISTERIAL
LEVEL. WE BELIEVE APPROPRIATE OPPORTUNITY WOULD ARISE,
ASSUMING THE JOINT COMMISSION MEETS HERE THIS FALL.
WE COULD PLACE SUBJECT ON THE AGENDA, EMPHASIZING THE
NEGATIVE EFFECTS WHICH IMPLEMENTATION OF ALL OR PART OF
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THE REPORT WOULD HAVE ON THE CLIMATE FOR US INVESTMENT
IN AND TECHNOLOGY TRANSFER TO INDIA. WE BELIEVE THIS
WOULD BE MORE EFFECTIVE THAN AN EMBASSY APPROACH TO THE
HEALTH AND/OR PETROLEUM AND CHEMICALS MINISTERS. IN ADDI-

TION, PRIOR TO JOINT COMMISSION MEETING, WE PLAN TO DIS-
CUSS MATTER WITH INDIAN EMBASSY HERE. APPRECIATE EMBASSY
REACTION.

2. WE DISCUSSED SUBSTANCE OF YOUR VERY USEFUL CABLE ON
THE MEETING WITH THE SECRETARY OF PETROLEUM AND CHEMICALS

WITH BERT TAMBLYN, REGIONAL DIRECTOR FOR ASIA OF THE
PHARMACEUTICAL MANUFACTURERS ASSOCIATION (PMA) WHO VISITED
THE DEPARTMENT JULY 23 TO DISCUSS THE HATHI REPORT.

TAMBLYN BELIEVES THAT THE 18 US DRUG FIRMS OPERATING IN
INDIA CAN LIVE WITH A FURTHER TIGHTENING OF PRICE CON-
TROLS, BUT THAT THE SECTIONS OF THE REPORT DEALING WITH
EQUITY DILUTION, REDUCTION OF PROFIT MARGINS AND RE-
MITTANCES, AND ABOLITION OF TRADEMARKS WOULD BE UNACCEPT-
ABLE TO ALL. THE PMA IS IN THE PROCESS OF CANVASSING
THE FIRMS TO ESTABLISH A STRATEGY WHICH WOULD CONVINCE
THE GOI THAT THE REPORT SHOULD NOT BE IMPLEMENTED.

TAMBLYN SAID PMA IS CONSIDERING AN APPROACH TO AMBASSADOR
KAUL, AND A JOINT REPRESENTATION WITH EUROPEAN PHARMA-
CEUTICAL ASSOCIATIONS, TO MRS. GANDHI. HE ALSO MENTIONED
THE POSSIBILITY OF A HIGH-LEVEL DELEGATION LIKE THE ONE
DESCRIBED BY WIEN BUT THOUGHT SUCH A DELEGATION MIGHT BE
ILL-TIMED GIVEN THE CURRENT INDIAN DOMESTIC SITUATION.
TAMBLYN WAS ENTHUSIASTIC ABOUT OUR SUGGESTION THAT THE
JOINT COMMISSION WAS A GOOD FORUM IN WHICH TO RAISE THE
PROBLEM. HE PROMISED TO PROVIDE DETAILED BACKGROUND
MATERIAL ON THE PMA POSITION FOR USE IN FUTURE DISCUS-
SIONS WITH THE GOI.

3. WE REPEATED THE POINT WHICH PETROLEUM AND CHEMICALS
SECRETARY FERNANDES HAD MADE ABOUT THE IMPORTANCE OF
EACH FIRM SENDING A REPRESENTATIVE TO INDIA TO DISCUSS
SPECIFIC PROBLEMS INDIVIDUALLY WITH THE GOI. TAMBLYN
AGREED TO PASS THIS ON TO MEMBER FIRMS. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DRUG INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 26 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE176657
Document Source: ADS
Document Unique ID: 00
Drafter: EB/CSB/BP:AHWALLACE:VJW
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750259-0148
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197507106/baaaaqjw.tel
Line Count: 92
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 06 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 AUG 2003 by ElyME>; APPROVED <01 DEC 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971022
Subject: n/a
TAGS: EINV, ETRD, IN
To: NEW DELHI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006